

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address Leonard M. Shulman - Bar No. 126349 Lynda T. Bui - Bar No. 201002 Brandon J. Iskander - Bar No. 300916 SHULMAN BASTIAN FRIEDMAN & BUI LLP 100 Spectrum Center Drive, Suite 600 Irvine, California 92618 Telephone: (949) 340-3400 Facsimile: (949) 340-3000 Email: LShulman@shulmanbastian.com LBui@shulmanbastian.com BIskander@shulmanbastian.com	FOR COURT USE ONLY
<input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: Carolyn A. Dye, Chapter 7 Trustee	
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION	
In re: JOHN F. GALLARDO aka JOHN FERNANDO GALLARDO and IRENE S. GALLARDO, <div style="text-align: right;">Debtor(s).</div>	CASE NO.: 2:19-bk-12915-ER CHAPTER: 7 <div style="text-align: center; padding: 20px;"> NOTICE OF SALE OF ESTATE PROPERTY </div>

Sale Date: 03/31/2020	Time: 11:00 am
Location: U.S. Bankruptcy Court, Roybal Federal Building, 255 E. Temple Street, Ctrm. 1568, Los Angeles, CA 90012	

Type of Sale: ☐ Public ☒ Private **Last date to file objections:** 03/17/2020

Description of property to be sold: Real property located at 22483 Mountain View Road, Moreno Valley, CA 92557

Terms and conditions of sale: See Attached Motion and Statement of Information

Proposed sale price: \$ 335,000.00

Overbid procedure (*if any*):

N/A

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:

Hearing Date/Time: 3/31/20 at 11:00 a.m.

Location: U.S. Bankruptcy Court
Roybal Federal Building
255 E. Temple Street, Ctrm. 1568
Los Angeles, CA 90012

Contact person for potential bidders (*include name, address, telephone, fax and/or email address*):

N/A

Date: 03/10/2020

<p>Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address</p> <p>Leonard M. Shulman - Bar No. 126349 Lynda T. Bui - Bar No. 201002 Brandon J. Iskander - Bar No. 300916 SHULMAN BASTIAN FRIEDMAN & BUI LLP 100 Spectrum Center Drive, Suite 600 Irvine, California 92618 Telephone: (949) 340-3400 Facsimile: (949) 340-3000 Email: LShulman@shulmanbastian.com LBui@shulmanbastian.com BIskander@shulmanbastian.com</p> <p><input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: Caroloyne A. Dye, Chapter 7 Trustee</p>	<p>FOR COURT USE ONLY</p>
<p align="center">UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION</p>	
<p>In re:</p> <p>JOHN F. GALLARDO aka JOHN FERNANDO GALLARDO and IRENE S. GALLARDO,</p> <p align="right">Debtor(s).</p>	<p>CASE NO.: 2:19-bk-12915-ER CHAPTER: 7</p> <p>NOTICE OF MOTION FOR:</p> <p>CHAPTER 7 TRUSTEE'S MOTION FOR ORDER: (1) APPROVING COMPROMISE UNDER RULE 9019 BETWEEN THE BANKRUPTCY ESTATE, THE DEBTORS, AND MARIO GALLARDO AND MARY GALLARDO, AND (2) GRANTING RELATED RELIEF TO IMPLEMENT THE SETTLEMENT, INCLUDING THE SALE OF REAL PROPERTY OF THE ESTATE</p> <p>(Specify name of Motion)</p> <p>DATE: 03/31/2020 TIME: 11:00 am COURTROOM: 1568 PLACE: United States Bankruptcy Court 255 E. Temple Street Los Angeles, CA 90012</p>

1. TO (*specify name*): THE HONORABLE ERNEST M. ROBLES, UNITED STATES BANKRUPTCY JUDGE, THE DEBTORS AND THEIR COUNSEL, THE OFFICE OF THE UNITED STATES TRUSTEE AND ALL OTHER PARTIES IN INTEREST
2. NOTICE IS HEREBY GIVEN that on the following date and time and in the indicated courtroom, Movant in the above-captioned matter will move this court for an Order granting the relief sought as set forth in the Motion and accompanying supporting documents served and filed herewith. Said Motion is based upon the grounds set forth in the attached Motion and accompanying documents.
3. **Your rights may be affected.** You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)

4. **Deadline for Opposition Papers:** This Motion is being heard on regular notice pursuant to LBR 9013-1. If you wish to oppose this Motion, you must file a written response with the court and serve a copy of it upon the Movant or Movant's attorney at the address set forth above no less than fourteen (14) days prior to the above hearing date. If you fail to file a written response to this Motion within such time period, the court may treat such failure as a waiver of your right to oppose the Motion and may grant the requested relief.
5. **Hearing Date Obtained Pursuant to Judge's Self-Calendaring Procedure:** The undersigned hereby verifies that the above hearing date and time were available for this type of Motion according to the judge's self-calendaring procedures.

Date: 03/10/2020

SHULMAN BASTIAN FRIEDMAN & BUI LLP
Printed name of law firm

/s/ Brandon J. Iskander
Signature

Brandon J. Iskander
Printed name of attorney

Statement of Information in Compliance with LBR 6004-1(c)(3)

<u>LBR 6004-1(c)(3) Requirement</u>	<u>Information</u>
<i>LBR 6004-1(c)(3)(A)</i> Date, Time, and Place of hearing on the proposed sale:	Hearing Date and Time: March 31, 2020 at 11:00 a.m. Hearing Place: U.S. Bankruptcy Court, Courtroom 1568 255 E. Temple Street, Los Angeles, CA 90012
<i>LBR 6004-1(c)(3)(B)</i> Name and address of the proposed Buyers:	Mario Gallardo, 22483 Mountain View Road, Moreno Valley, CA 92557 Mary Gallardo, 22483 Mountain View Road, Moreno Valley, CA 92557
<i>LBR 6004-1(c)(3)(C)</i> Description of the property to be sold:	Real property located at: 22483 Mountain View Road, Moreno Valley, CA 92557 ("Property")
<i>LBR 6004-1(c)(3)(D)</i> Terms and conditions of the proposed sale, including the price and all contingencies:	The sale is part of a Settlement Agreement resolving the Adversary Proceeding and the State Court Action regarding legal and equitable interest ownership of the Property. The purchase price is \$335,000.00. The Buyers are obtaining financing and will have ninety (90) days from the date of Court approval of the Agreement to close escrow with extensions not unreasonably refused by the Trustee to purchase the Property free and clear of liens. The Buyers are purchasing the Property "AS IS" without warranties of any kind, expressed or implied, being given by the Trustee, concerning the condition of the Property or the quality of the title thereto, or any other matters relating to the Property.
<i>LBR 6004-1(c)(3)(E)</i> Whether the proposed sale is free and clear of liens, claims or interests, or subject to them, and a description of all such liens, claims or interests:	The sale is free and clear of liens. From the Purchase Price funds, the consensual lien of Carrington Mortgage LLC shall be paid in the amount as such lienholder shall place their respective demands into escrow.
<i>LBR 6004-1(c)(3)(F)</i> Whether the proposed sale is subject to higher and better bids:	The sale of the Property is <u>not</u> subject to overbids. The sale of the Property is being implemented as part of a settlement agreement between the Estate, the Debtors and the Buyers (the Gallardos).
<i>LBR 6004-1(c)(3)(G)</i> Consideration to be received by the Estate, including estimated commissions, fees and other costs of sale:	After payment of disbursements from escrow to be approved at the Trustee's discretion, the Trustee expects to generate net proceeds of at least \$95,000.00.
<i>LBR 6004-1(c)(3)(H)</i> If authorization is sought to pay commission, the identity of the auctioneer, broker, or sales agent and the amount or percentage of the proposed commission to be paid:	In addition to payment of the Purchase Price of \$335,000.00, the Buyers shall deposit such additional amounts into escrow sufficient to pay the Costs of Sale at closing. Purchase Price funds of \$335,000.00 will not be used for real estate commissions.
<i>LBR 6004-1(c)(3)(I)</i> A description of the estimated or possible tax consequences to the Estate, if known, and how any tax liability generated by the sale of the property will be paid:	Because the Property is a rental property of the Debtors, there may be tax liability generated by the sale, but the Trustee currently believes based on an analysis by her proposed accountants that the tax liability will be minimal (i.e., less than \$5,000).
<i>LBR 6004-1(c)(3)(J)</i> Date which objection must be filed and served:	Objections, if any, must be filed and served 14 days prior to the Hearing Date (March 17, 2020).

Leonard M. Shulman - Bar No. 126349
Lynda T. Bui - Bar No. 201002
Brandon J. Iskander - Bar No. 300916
SHULMAN BASTIAN FRIEDMAN & BUI LLP
100 Spectrum Center Drive, Suite 600
Irvine, California 92618
Telephone: (949) 340-3400
Facsimile: (949) 340-3000
Email: LShulman@shulmanbastian.com
LBui@shulmanbastian.com
BIskander@shulmanbastian.com

Attorneys for Carolyn A. Dye, Chapter 7 Trustee

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA, LOS ANGELES DIVISION

In re

JOHN F. GALLARDO
aka JOHN FERNANDO GALLARDO and
IRENE S. GALLARDO,

Debtors.

Case No. 2:19-bk-12915-ER

Chapter 7

CHAPTER 7 TRUSTEE'S MOTION FOR ORDER:

- (1) APPROVING COMPROMISE UNDER RULE 9019 BETWEEN THE BANKRUPTCY ESTATE, THE DEBTORS, AND MARIO GALLARDO AND MARY GALLARDO, AND**
- (2) GRANTING RELATED RELIEF TO IMPLEMENT THE SETTLEMENT, INCLUDING THE SALE OF REAL PROPERTY OF THE ESTATE**

MEMORANDUM OF POINTS AND AUTHORITIES AND DECLARATION OF CAROLYN A. DYE IN SUPPORT

Hearing

Date: March 31, 2020

Time: 11:00 a.m.

Place: Courtroom 1568

United States Bankruptcy Court
255 E. Temple Street
Los Angeles, CA 90012

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

TABLE OF CONTENTS

	<u>Page</u>
I. BACKGROUND.....	4
A. The Bankruptcy Case	4
B. The Disputes.....	5
II. RELIEF REQUESTED (THE SETTLEMENT AGREEMENT	6
III. LEGAL AUTHORITIES	10
A. Upon Court Approval, the Trustee May Compromise a Claim of the Estate.	10
B. The Court May Approve a Compromise Which is Fair and Equitable.	10
1. Probability of Success in Litigation.	11
2. Difficulties, if any, to be Encountered in the Matter of Collections.	11
3. The Complexity of the Litigation Involved, Expense, Inconvenience and Delay Necessarily Attending It.	12
4. The Paramount Interest of the Creditors and the Proper Deference to the Reasonable Views	12
C. There is a Good Business Reason for the Sale and the Sale is in the Best Interest of the Estate.	13
D. The Court has the Authority to Waive the Fourteen-Day Stay of Sale.....	14
IV. CONCLUSION	14
DECLARATION OF CAROLYN A. DYE	16

TABLE OF AUTHORITIES

Page

CASES

<i>In re Carla Leather, Inc.</i> , 50 B.R. 764 (S.D.N.Y. 1985).....	10
<i>In re Energy Cooperative, Inc.</i> , 886 F.2d 921 (7th Cir. 1989).....	10
<i>In re Lionel Corp.</i> , 722 F.2d 1063, 1069 (2d Cir. 1983).....	13
<i>In re Walsh Construction, Inc.</i> , 669 F.2d 1325 (9th Cir. 1992).....	10
<i>In re Wilde Horse Enterprises, Inc.</i> , 136 B.R. 830, 841 (Bankr. C.D. Cal. 1991).....	13
<i>Martin v. Kane (In re A & C Properties)</i> , 784 F.2d 1377 (9th Cir. 1986), <i>cert. denied sub nom, Martin v. Robinson</i> , 479 U.S. 854 (1986)	10, 11
<i>Woodson v. Fireman's Fund Ins. Co. (In re Woodson)</i> , 839 F.2d 610 (9th Cir. 1988).....	10, 11

STATUTES

11 U.S.C. §363(b)	13
11 U.S.C. §704	13
11 U.S.C. §704(a).....	13
28 U.S.C. §157(b)(2)(A) and (O).....	10
California Evidence Code § 662	11

RULES

Fed. R. Bankr. P. 6004(h).....	14
Federal Rule of Bankruptcy Procedure, Rule 9019(a)	10

1 **TO THE HONORABLE ERNEST M. ROBLES, UNITED STATES BANKRUPTCY**
2 **JUDGE, THE DEBTORS AND THEIR COUNSEL, THE OFFICE OF THE UNITED**
3 **STATES TRUSTEE AND ALL OTHER PARTIES IN INTEREST:**

4 Carolyn A. Dye, the duly-appointed, qualified, and acting Chapter 7 trustee (“Trustee”) for
5 the bankruptcy estate (“Estate”) of John F. Gallardo and Irene S. Gallardo (“Debtors”) brings this
6 *Motion for Order: (1) Approving Compromise under Rule 9019 Between the Bankruptcy Estate, the*
7 *Debtors, and Mario Gallardo and Mary Gallardo, and (2) Granting Related Relief to Implement*
8 *the Settlement, Including the Sale of Real Property of the Estate* (“Motion”), and respectfully
9 represents as follows.

10 **I. BACKGROUND**

11 **A. The Bankruptcy Case**

12 The Debtors filed a Voluntary Petition for relief under Chapter 7 of the Bankruptcy Code on
13 March 18, 2019 (“Petition Date”), commencing Case Number: 2:19-bk-12915-ER (“Bankruptcy
14 Case”) in the United States Bankruptcy Court, Central District of California, Los Angeles Division
15 (“Bankruptcy Court”).

16 The Debtors’ Schedules identify general unsecured claims totaling \$132,438.53. The
17 deadline for filing claims was July 1, 2019. Government claims were due by September 29, 2019.
18 As of December 12, 2019, the Court’s Claims Register indicates there have been thirteen (13)
19 unsecured claims filed totaling \$479,555.29, of which \$385,000.00 represents Claim No. 13 filed
20 by Mario and Mary Gallardo (“Gallardos”) who are co-Debtor John Gallardo’s brother and sister-
21 in-law (“Gallardo Claim”). The Gallardos claim to be owed \$385,000.00 based on their disputed
22 interest in the real property located at 22483 Mountain View Road, Moreno Valley, CA 92557
23 (“Property”). Should the Court grant approval of the instant Motion and subject to further review
24 of the Trustee, the Gallardo Claim will be deemed withdrawn and the estimated total of general
25 unsecured claims will be \$94,555.29.

26 ///

27 ///

28 ///

1 **B. The Disputes**

2 On Part 1, item 1.1 of their Schedule A/B (Dk. No. 1), the Debtors list their ownership
3 interest in the Property. Their Schedule A/B further indicates that the Property is a rental property
4 and is the subject of litigation. The Debtors value the Property at \$387,897.00. On their Schedule
5 D, the Debtors list one (1) lien encumbering the Property in favor of Carrington Mortgage Services
6 in the amount of \$166,626.00. The Debtors claim no exemption in the Property.

7 Prior to the Petition Date, the Property was the subject of a lawsuit commenced on December
8 22, 2017 by the Gallardos against the Debtors in the Riverside County Superior Court entitled *Mario*
9 *Gallardo and Mary Gallardo v. John F. Gallardo*, Case No. RIC 1724068 (“State Court Action”).
10 The State Court Action concerns the Gallardos’ disputed equitable ownership of the Property. In
11 essence, the Gallardos claimed that co-Debtor John F. Gallardo purchased the Property with their
12 funds, agreed that the Property would be theirs, and sought a judgment placing the Property in a
13 constructive trust for their benefit. As part of the State Court Action, the Gallardos recorded a lis
14 pendens against the property in the Official Records for the County of Riverside, Document Number
15 2017-0542145 (the “Lis Pendens”).

16 Also prior to the Petition Date, co-Debtor John F. Gallardo commenced an unlawful detainer
17 action against the Gallardos in a case entitled *John F. Gallardo v. Mario Gallardo and Mary*
18 *Gallardo*, Case No. RIC 1808037 (“UD Action”). The UD Action was stayed by the Riverside
19 County Superior Court pending the outcome of the State Court Action.

20 On April 25, 2019, the Trustee filed a *Verified Complaint for: 1) Quiet Title; 2) Cancellation*
21 *of Instrument; 3) Declaratory Relief; and 4) Turnover of Property of the Estate* (“Complaint”),
22 commencing the adversary proceeding entitled *Carolyn A. Dye, Chapter 7 Trustee v. Mario*
23 *Gallardo and Mary Gallardo*, adversary number 2:19-ap-01120-ER (the “Adversary Proceeding”).
24 Among the allegations in her Complaint, the Trustee alleged that the Estate as holder of legal title
25 to the Property is entitled to the presumption under California Evidence Code § 662 that it is also
26 the equitable owner and that the Gallardos cannot overcome that presumption with clear and
27 convincing evidence. On May 29, 2019, the Gallardos filed their Answer and generally denied the
28 Trustee’s allegations.

Since that time, the Trustee and the Gallardos have been involved in intensive negotiations and agree that it is in their best interest to resolve the Adversary Proceeding, the State Court Action, and the administration of the Property by the Trustee by way of settlement.

II. RELIEF REQUESTED (THE SETTLEMENT AGREEMENT)

Through the Motion, the Trustee requests approval of a certain Settlement Agreement (“Agreement”), a true and correct copy of which is attached as **Exhibit 1** to the Declaration of Carolyn A. Dye (“Dye Declaration”). The principal terms of the Agreement are as follows:

- Waiver of Claims Against the Estate. The Gallardos agree to waive any right to any distribution that the Estate may make to creditors and specifically waive their right to recover on any claims that they have or may assert against the Estate including, but not limited to, the Gallardo Claim. The Gallardos shall be deemed to have withdrawn the Gallardo Claim upon entry of a Bankruptcy Court order approving this Agreement. The Gallardos further waive the right to file a proof of claim in the Debtors’ Bankruptcy Case, including a claim pursuant to Bankruptcy Code sections 502(d) and 502(h) due to any payment through escrow on the sale of the Property under this Agreement.
- Dismissal of the State Court Action. On the Effective Date, the Gallardos shall cause the State Court Action to be dismissed with prejudice.
- Withdrawal of the Lis Pendens. Within five (5) days of the Effective Date, the Gallardos shall withdraw the Lis Pendens.
- The Sale of the Property to the Gallardos. The Parties agree that the Trustee will sell the Estate’s interest in the Property to the Gallardos under the following principal terms and conditions:

Buyer:	Mario Gallardo and Mary Gallardo, 22483 Mountain View Road, Moreno Valley, CA 92557
Purchase Price:	The Gallardos shall purchase the Estate’s interest in the Property, free and clear of all existing liens, encumbrances, and interests, for an amount necessary to pay off all existing liens, encumbrances, and interests plus \$100,000.00 (the “Settlement Amount”). As of February 19, 2020, the total purchase price is estimated to be approximately \$335,000.00. ¹ The Purchase Price may increase to account for changes in amounts due and owing to lienholders or by consent of the Parties.

¹ The most recent escrow statement proposed by the Gallardos shows a purchase price of \$335,000.00 which includes payment of their state court attorneys’ fees related to the State Court Action. These disbursements are subject to the Trustee’s approval to ensure the Estate’s receipt of the \$100,000.00 Settlement Amount.

Escrow:	The Gallardos' acquisition of the Property shall be completed through an escrow with an escrow holder of their choice and subject to approval by the Trustee. Escrow shall be opened upon the mutual execution of this Agreement. The date of delivery of the fully-executed originals or counterparts of this Agreement to escrow holder shall be deemed the "opening of escrow" and escrow holder shall notify the Defendants and the Trustee of this date.
Escrow Closing Date:	The Escrow Closing Date for the sale of the Property shall occur by no later than ninety (90) days of the date of entry of a Bankruptcy Court order approving this Agreement. The Trustee at her sole discretion may extend the Escrow Closing Date deadline without further order of the Court and any extension requested by the Defendants will not be unreasonably withheld.
Payment of Consensual Lien	From the Purchase Price funds, the consensual lien of Carrington Mortgage Services, LLC shall be paid in the amount as such lienholder shall place a demand into escrow.
Payment of Real Estate Taxes, Escrow Fees and Costs of the Sale:	In addition to payment of the Purchase Price, the Gallardos shall deposit such additional amounts into escrow sufficient to pay costs of sale, including: (i) all outstanding real estate taxes impacting the Property, and (ii) other costs of the sale including, including escrow fees, recording fees, settlement fees, tax certificates, title charges, notary fees, documentary transfer fees, and any other taxes imposed as a result of the transfer of the title to the Property to the Gallardos. Not including any attorney fees and costs of the Gallardos which shall be the sole responsibility of the Gallardos, any other costs pertaining to the closing not otherwise expressly allocated among the Gallardos and the Trustee under this Agreement shall be apportioned in the manner customary in Riverside County, California.
Trustee's Approval of all Disbursements Through Escrow:	Any and all disbursements through escrow on the sale of the Property are subject to the Trustee's review and written approval, especially to the extent necessary to preserve the Estate's interest in receiving the agreed-upon Settlement Amount. All escrow checks for any amount due under this Agreement should be made payable to " <i>Carolyn A. Dye, Chapter 7 trustee for the bankruptcy estate of John F. Gallardo and Irene S. Gallardo</i> " and sent to the Trustee at: 3435 Wilshire Blvd., Suite 990, Los Angeles, CA 90010, with a copy sent to the Trustee's counsel, Shulman Bastian LLP; Attn: Brandon J. Iskander, via email at biskander@shulmanbastian.com.
Inability to Close Escrow on the Sale of the Property:	In the event the Gallardos are unable to close within the escrow period, the Trustee shall immediately market the Property for sale. In the event the Trustee sells the Property, the Gallardos shall receive \$50,000.00 from the net sale proceeds less any administrative fees incurred by the Trustee during the escrow period. Any payment to the Gallardos is

	<p>conditioned upon the continued and timely payment of monthly rents by the Gallardos to the Trustee for the Property equal in the amount to the monthly mortgage payments and the Gallardos' cooperation with the sale. As used herein, the term "net sale proceeds" means all of the cash proceeds generated from the Trustee's sale of the Property under this Agreement, minus all costs of the sale (including real estate commissions, escrow fees and other customary costs or fees), payment of claims secured by the Property, taxes (including but not limited to capital gains taxes, and real property taxes), and the administrative expenses of the Estate related to the failure of the Gallardos to close escrow including, but not limited to, reasonable fees and expenses of the Trustee and her professionals that are incurred as a result of and related to the Debtors' bankruptcy case and the sale of the Property by the Trustee, which fees are subject to review and approval by the Bankruptcy Court, following an application made pursuant to 11 U.S.C. § 327 et. seq. The Trustee shall be entitled to reasonable attorneys' fees and expenses incurred in prosecuting any action related to the failure of the Gallardos to close with the escrow period.</p>
Disclosure or Warranty:	<p>As the Trustee, as the seller, is a federal bankruptcy trustee, notwithstanding anything in the Agreement that contains disclosure or warranty provisions, there will be no warranties or disclosures made concerning the Property.</p>
"As-Is" Sale:	<p>The Gallardos are purchasing the Property from the Trustee on an "AS IS - WHERE IS" basis without representations or warranties of any kind, express or implied, being given by the Trustee, concerning the value, condition, fitness of purpose for any use thereof, the quality of the title thereto, or any other matters relating to the Property, free and clear of liens, encumbrances, claims and interests (collectively the "Liens and Encumbrances") existing as to the Property transferred. The Gallardos acknowledge that they are familiar with the Property and that any use of the Property may be complicated by disputes with other lienholders and/or any adverse parties. The Gallardos acknowledge that they have inspected the Property, and upon Bankruptcy Court approval of this Agreement, the Gallardos forever waive, for themselves, their heirs, successors and assigns, all claims against the Debtors, their attorneys, agents and employees, the Estate, Carolyn A. Dye as Trustee and individually, and her attorneys Shulman Bastian LLP (fka Shulman Hodges & Bastian LLP), the law firm for which the Trustee is associated, her agents and employees, arising or which might otherwise arise in the future concerning the Property.</p> <p>Because the sale of the Property is a bankruptcy sale, the sale shall be "as-is" and without any warranties (whatsoever), and any transfer shall be by a Quitclaim Deed.</p>

Bankruptcy Court Approval:	The Agreement is unenforceable and of no legal effect, unless and until approved by the Bankruptcy Court.
Sale Not Subject to Overbidding:	The sale of the Property to the Gallardos during the 90-day escrow period is not subject to overbidding. If the Trustee later seeks approval to sell the Property to entities other than the Gallardos, the Trustee reserves the right to make such sale subject to overbidding.

- No Claim of Exemption in the Net Sale Proceeds. The Debtors agree that they shall have no claim of exemption in the net sale proceeds or Settlement Amount funds paid to the Trustee under this Agreement and that the Settlement Amount shall be used to pay administrative expenses of the Estate and allowed claims against the Estate in accordance with the Bankruptcy Code.
- In the event the Gallardos are unable to close within the escrow period, the Trustee shall immediately market the Property for sale. In the event the Trustee sells the Property, the Gallardos shall receive \$50,000.00 from the net sale proceeds less any administrative fees incurred by the Trustee during the escrow period. Any payment to the Gallardos is conditioned upon the continued and timely payment of monthly rents by the Gallardos to the Trustee for the Property equal in the amount to the monthly mortgage payments and the Gallardos' cooperation with the sale. As used herein, the term "net sale proceeds" means all of the cash proceeds generated from the Trustee's sale of the Property under this Agreement, minus all costs of the sale (including real estate commissions, escrow fees and other customary costs or fees), payment of claims secured by the Property, taxes (including but not limited to capital gains taxes, and real property taxes), and the administrative expenses of the Estate related to the failure of the Gallardos to close escrow including, but not limited to, reasonable fees and expenses of the Trustee and her professionals that are incurred as a result of and related to the Debtors' bankruptcy case and the sale of the Property by the Trustee, which fees are subject to review and approval by the Bankruptcy Court, following an application made pursuant to 11 U.S.C. § 327 et. seq. The Trustee shall be entitled to reasonable attorneys' fees and expenses incurred in prosecuting any action related to the failure of the Gallardos to close with the escrow period.
- Additional Conditions to be Performed by the Gallardos. Until such time that the Trustee closes on the sale of the Property to the Gallardos, or in the event that the Gallardos fail to close escrow and the Trustee closes on a sale of the Property to a third party, the Gallardos agree that they shall or shall cause to maintain and preserve the Property for the benefit of the Estate and its creditors.

///

///

///

1 **III. LEGAL AUTHORITIES**

2 **A. Upon Court Approval, the Trustee May Compromise a Claim of the Estate.**

3 The power of the Court to review and approve settlements is expressly recognized in Federal
4 Rule of Bankruptcy Procedure, Rule 9019(a), which provides:

5 On motion by the trustee and after notice and a hearing, the court may approve a
6 compromise or settlement. Notice shall be given to creditors, the United States
7 trustee, the debtor, and indenture trustees as provided in Rule 2002 and to any other
8 entity as the court may direct.

9 Thus, upon notice to the creditors, the United States Trustee, debtors, and indenture trustees, the
10 Trustee may compromise a claim of the Estate. The approval of a compromise is a core proceeding
11 under 28 U.S.C. § 157(b)(2)(A) and (O). *In re Carla Leather, Inc.*, 50 B.R. 764, 775 (S.D.N.Y.
12 1985).

13 **B. The Court May Approve a Compromise Which is Fair and Equitable.**

14 The purpose of a compromise agreement is to allow the parties to avoid the expenses and
15 burdens associated with litigation. *Martin v. Kane (In re A & C Properties)*, 784 F.2d 1377, 1380-
16 81 (9th Cir. 1986), *cert. denied sub nom, Martin v. Robinson*, 479 U.S. 854 (1986). The bankruptcy
17 court has great latitude in approving compromise agreements as long as it finds that the compromise
18 is fair and equitable. *Id.* at 1382; *see also, Woodson v. Fireman's Fund Ins. Co. (In re Woodson)*,
19 839 F.2d 610, 620 (9th Cir. 1988). Generally, the benchmark in determining the propriety of a
20 settlement is whether the settlement is in the best interests of the estate and its creditors. *In re*
21 *Energy Cooperative, Inc.*, 886 F.2d 921, 927 (7th Cir. 1989). To be approved, the settlement need
22 not represent the highest possible return to the estate, but merely must not fall below the "range of
23 reasonableness." *In re Walsh Construction, Inc.*, 669 F.2d 1325, 1328 (9th Cir. 1992). In making
24 this determination, the bankruptcy court need not conduct a trial or even a "mini trial" on the merits.
25 *Id.*

26 In determining the fairness, reasonableness and adequacy of a proposed settlement, the Court
27 must consider the following factors:

28 (a) The probability of success in the litigation; (b) the difficulties, if any, to be
encountered in the matter of collection; (c) the complexity of the litigation involved,
and the expense, inconvenience, and delay necessarily attending it; (d) the paramount
interests of the creditors and a proper deference to their reasonable views in the
premises.

1 *A & C Properties*, 784 F.2d at 1381; *Woodson*, 839 F.2d at 620. In other words, the Court must
2 weigh certain factors in order to determine whether the compromise is in the best interests of the
3 bankrupt estate. *A & C Properties*, 784 F.2d at 1382.

4 The Trustee believes that based on the four factors under *A&C Properties*, the proposed
5 Agreement is in the best interest of the Estate.

6 1. Probability of Success in Litigation.

7 The probability of success regarding in the Adversary Proceeding is speculative. The
8 Gallardos assert that they contributed purchase money towards the purchase of the Property and that
9 they had an oral agreement with co-Debtor John Gallardo that the Property would be theirs. Co-
10 Debtor John Gallardo has denied that assertion. In any case, these allegations call for an intensely
11 factual inquiry, which would necessitate a trial. While the documentary record from the State Court
12 Action is already voluminous, additional discovery may be needed to ascertain whether and under
13 what circumstances the Gallardos could overcome presumption of California Evidence Code § 662
14 that the Estate has legal and equitable title to the Property. The Trustee understands that there is
15 risk inherent in any litigation regardless of the merits. While the Trustee believes that there is a
16 chance she would eventually prevail in the Adversary Proceeding, the time and expense is not
17 justified. As such, this factor weighs in favor of settlement.

18 2. Difficulties, if any, to be Encountered in the Matter of Collections.

19 Collection would involve litigating the Adversary Proceeding to judgment after a trial,
20 obtaining turnover of the Property, obtaining the cooperation and/or compelled removal of the
21 Gallardos, and selling the Property to a third party. In addition to the delay caused by having to take
22 such actions, upon the sale of the Property without approval of the Agreement, the Trustee would
23 also need to seek the disallowance of the Gallardo Claim. While collection may not be too difficult
24 because there is equity in the Property, the cost to take such extraordinary measures to immediately
25 sell the Property to a third party would increase the cost to the Estate. Instead, the Agreement results
26 in the cooperation of the Parties in order to sell the Property, either (1) to the Gallardos with a net
27 benefit to the Estate of at least \$100,000.00 or, (2) to a third party upon further Court approval
28 wherein the Estate receives all the proceeds less approximately \$50,000.00 payable to the Gallardos

(deducting any administrative expenses incurred during the Gallardos' unsuccessful escrow period). The amount collected is maximized by the proposed Agreement. Accordingly, this factor also weighs in favor of settling.

3. The Complexity of the Litigation Involved, Expense, Inconvenience and Delay Necessarily Attending It.

There will be substantial additional costs in this case if disputes are not settled because the Trustee would have to engage in extensive discovery and then proceed to trial. Litigating the Adversary Proceeding will delay the case and cause the Estate to incur unnecessary expense for the right to immediately sell the Property to a third party and will likely not bring substantially more funds into the Estate for general unsecured creditors. The Trustee has determined that the settlement reached is fair and reasonable. The settlement reached provides certainty (at least \$100,000.00) while at the same time allows the Estate to cease the accrual of litigation costs. The Agreement also results in certainty as to the sale of the Property because whether or not the Gallardos can close during the escrow period, the Property will be sold and administered to pay the Debtors' creditors. Based on this, the Trustee believes the proposed settlement is the most expedient and cost-effective method for resolving the matter. This factor also weighs in favor of settling.

4. The Paramount Interest of the Creditors and the Proper Deference to the Reasonable Views

The settlement reached provides certainty and the Estate will not incur additional litigation with no guarantee of a favorable outcome for the Estate. The settlement amount of \$100,000.00 from a sale of the Property to the Gallardos is anticipated to provide for a meaningful distribution to allowed unsecured claims. Without the settlement, unsecured creditors may receive less or no distribution at all if the Trustee has to continue to litigate the Adversary Proceeding. For example, the Gallardos are currently paying the Trustee rent to maintain the equity in the Property. If the Gallardos must divert significant resources into their defense at trial, they may not be able to maintain rent payments, thus reducing the funds available to the Estate when the Trustee prevails in the Adversary Proceeding. Based on these reasons, this factor also weighs in favor of settling.

///

In summary, the triparty settlement reached is based on the Trustee's good business judgment that will benefit the Estate and creditors and so approval of the Motion is proper.

C. There is a Good Business Reason for the Sale and the Sale is in the Best Interest of the Estate.

The duties of a trustee in a Chapter 7 filing are enumerated in 11 U.S.C. § 704, which provides in relevant part as follows:

(a) The trustee shall—

(1) collect and reduce to money the property of the estate for which such trustee serves, and close such estate as expeditiously as is compatible with the best interests of parties in interest;

(2) be accountable for all property received[.]

11 U.S.C. § 704(a). Further, the Trustee, after notice and hearing, may sell property of the estate.

11 U.S.C. § 363(b). Courts ordinarily will approve a proposed sale if there is a good business reason for the sale and the sale is in the best interests of the estate. *In re Wilde Horse Enterprises, Inc.*, 136 B.R. 830, 841 (Bankr. C.D. Cal. 1991); *In re Lionel Corp.*, 722 F.2d 1063, 1069 (2d Cir. 1983).

In this case, in order to implement the settlement, the Trustee will sell the Property to the Gallardos for \$335,000.00. The Parties agree that the net proceeds from the sale are required to net the Estate approximately \$100,000.00 calculated as follows (amounts are estimated):²

Purchase Price Under the Agreement (subject to revision by agreement of the Trustee and the Gallardos) ³	\$335,000.00
Less consensual lien of Carrington Mortgage Services	(\$166,048.40)
Less credit to Gallardos for closing costs	(\$8,857.11)
Less costs of a sale (escrow fees, title fees, insurance, etc.)	(\$6,130.46)
Less remainder equity transferred to Gallardos	(\$51,964.03)
Mandatory Settlement Amount for the Estate and its Creditors	~\$100,000.00

² At this time, the Trustee has been advised by her proposed accountants that the income tax consequences of the sale of the Property to be minimal (i.e., less than \$5,000.00).

³ The Gallardos have requested and the Trustee has agreed that they may elect to increase the purchase price for the purpose of paying their attorneys' fees and costs in the State Court Action. The Trustee will retain final authority over escrow disbursements so as to ensure the Estate receives the \$100,000.00 Settlement Amount.

1 The Trustee expects to make a meaningful distribution to unsecured creditors from the sale of the
2 Property under the Agreement. If this Motion is not approved, then the net funds available for
3 creditors after the payment of administrative expenses may be far less or the Estate might not receive
4 any benefit from the Property.

5 Furthermore, the Trustee believes that the proposed sale will be at fair market value under
6 the circumstances of this case (given the pending State Court Action, the Adversary Proceeding,
7 and the resulting cloud on title) and because the Estate will save some of the normal costs of sale
8 (such as real estate broker commissions). As such, the sale need not be subject to overbids.
9 Accordingly, the Trustee respectfully submits that, if this Court applies the good business reason
10 standard suggested by the Second Circuit in *Lionel*, the sale of the Property pursuant to the
11 Agreement should be approved.

12 **D. The Court has the Authority to Waive the Fourteen-Day Stay of Sale**

13 Federal Rule of Bankruptcy Procedure 6004(h) provides that “[a]n order authorizing the use,
14 sale or lease of property other than cash collateral is stayed until the expiration of 14 days after entry
15 of the order, unless the Court orders otherwise.” Fed. R. Bankr. P. 6004(h). The Trustee desires to
16 close on the Agreement and related sale as soon as practicable after entry of an order approving this
17 Motion. Given the facts and circumstances of this case, including that the Property has been the
18 subject of litigation since late 2017, it would only be fair if the sale can close as soon as practicable.
19 Accordingly, the Trustee requests that the Court, in the discretion provided it under Federal Rule of
20 Bankruptcy Procedure 6004(h), waive the fourteen (14) day stay requirement.

21 **IV. CONCLUSION**

22 Based on the reasons set forth above, the Trustee respectfully requests that the Court enter
23 an order as follows:

- 24 1. Granting the Motion;
- 25 2. Approving the Agreement, a copy of which is attached as **Exhibit 1** to the Dye
26 Declaration;
- 27 3. Pursuant to the terms and conditions in the Agreement, authorizing the Trustee to
28 sell the Property to the Gallardos;

4. Authorizing the Trustee to (i) execute any and all necessary documents to carry out the provisions contemplated in the Agreement and the underlying sale of the Property, including execution of any and all conveyances contemplated by the Agreement, and (ii) to take all necessary steps and actions to effectuate the terms of the Agreement and the underlying sale of the Property; and

5. For such other and further relief as the Court deems just and proper.

SHULMAN BASTIAN FRIEDMAN & BUI LLP

DATED: March 10, 2020

By: /s/ Brandon J. Iskander
Leonard M. Shulman
Lynda T. Bui
Brandon J. Iskander
Attorneys for Carolyn A. Dye, Chapter 7 Trustee

DECLARATION

DECLARATION OF CAROLYN A. DYE

I, Carolyn A. Dye, declare as follows:

1. I am the Chapter 7 Trustee for bankruptcy estate ("Estate") of *In re John F. Gallardo and Irene S. Gallardo*, Case No. 2:19-bk-12915-ER. I have personal knowledge of the facts set forth herein and could, if called as a witness, competently testify thereto.

2. I am familiar with the Debtors' bankruptcy proceeding and make this Declaration in support of my *Motion For Order: (1) Approving Compromise Under Rule 9019 Between (i) the Bankruptcy Estate, (ii) the Debtors, and (iii) Mario Gallardo and Mary Gallardo, and (2) Granting Related Relief to Implement the Settlement, Including the Sale of Real Property of the Estate* ("Motion"). I have read and I am aware of the contents of the Motion and the accompanying Memorandum of Points and Authorities. The facts stated in the Motion and the Points and Authorities are true to the best of my knowledge.

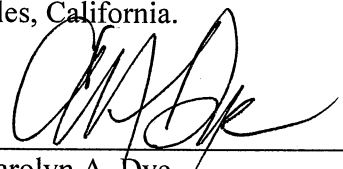
3. Through the Motion, I request approval of a certain Settlement Agreement, a true and correct copy is attached here as **Exhibit 1**.

4. A true and correct copy of the most recent escrow settlement statement for distributions proposed to be made from the sale is attached hereto as **Exhibit 2**.

5. Before agreeing to enter into the Settlement Agreement, I consulted with counsel about the risks and benefits of entering into the settlement. I consulted with my counsel about the benefits to the Estate which would result from the settlement. For the reasons stated in the Motion and the accompanying Points and Authorities, and based on my years of experience as a Trustee, as well as my consultation with my attorneys, I believe it is in the best interest of the Estate to enter into the Settlement Agreement.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on March 2, 2020, at Los Angeles, California.



Carolyn A. Dye

EXHIBIT 1

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into by and among Carolyn A. Dye, Chapter 7 Trustee (“Trustee”) of the bankruptcy estate of *In re John F. Gallardo and Irene S. Gallardo* (“Debtors”), and Mario Gallardo and Mary Gallardo (the “Gallardos”). The Trustee, the Debtors, and the Gallardos may collectively be referred to herein as the “Parties,” or individually as, a “Party.”

I. RECITALS

This Agreement is made by the Parties, with reference to the following facts:

1.1 The Debtors filed a voluntary petition for relief under Chapter 7 of the Bankruptcy Code on March 18, 2019 (“Petition Date”), commencing Case Number: 2:19-bk-12915-ER (“Bankruptcy Case”) in the United States Bankruptcy Court, Central District of California, Los Angeles Division (“Bankruptcy Court”).

1.2 The Trustee is the duly appointed, qualified and acting Chapter 7 trustee for the Debtors’ bankruptcy estate (“Estate”).

1.3 On Part 1, item 1.1 of their Schedule A/B (docket number 1), the Debtors list their ownership interest in the real property located at 22483 Mountain View Road, Moreno Valley, CA 92557 (“Property”) and state that the Property is “Rental Property (subject to litigation).” The Debtors valued the Property at \$387,897.00. On their Schedule D, the Debtors list one lien encumbering the Property in favor of Carrington Mortgage Services in the amount of \$166,626.00. The Trustee is informed and believes that the amount currently due to Carrington Mortgage Services is approximately \$171,000.00. The Debtors do not claim any exemption in the Property.

1.4 Prior to the Petition Date, on December 22, 2017, the Gallardos initiated litigation against co-Debtor John Gallardo, commencing the case of *Mario Gallardo and Mary Gallardo v. John F. Gallardo*, Case No. RIC 1724068 (“State Court Action”), in the Riverside County Superior Court. The State Court Action concerns the disputed equitable ownership interest in the Property asserted by the Gallardos. In their complaint commencing the State Court Action, the Gallardos assert that co-Debtor John Gallardo purchased the Property with their funds, agreed that the Property would be theirs, and that they were entitled to a judgment placing the Property in a constructive trust.

1.5 In connection with the State Court Action, on December 27, 2017, the Gallardos recorded a *Notice of Pendency of Action* against the Property in the Official Records for the County of Riverside, Document Number 2017-0542145 (the “Lis Pendens”).

1.6 Prior to the Petition Date, on May 4, 2018, the co-Debtor John Gallardo initiated an unlawful detainer action against the Gallardos, commencing the case of *John F. Gallardo v. Mario Gallardo and Mary Gallardo*, Case No. RIC 1808037 (“UD Action”).

1.7 On July 27, 2018, in the State Court Action, the Court entered a temporary restraining order and preliminary injunction against the Debtor, which ordered the UD Action stayed and allowed the Gallardos to continue to occupy the Property and ordered the co-Debtor John Gallardo to pay the mortgage on the Property with the mortgage payments that the Gallardos were ordered to pay. The State Court Action has been stayed as a result of the Debtors’ bankruptcy filing.

///

///

1.8 On April 25, 2019, the Trustee filed her *Verified Complaint* for: 1) *Quiet Title*; 2) *Cancellation of Instrument*; 3) *Declaratory Relief*; and 4) *Turnover of Property of the Estate* against the Gallardos, commencing an adversary proceeding entitled *Carolyn A. Dye, Chapter 7 Trustee v. Mario Gallardo and Mary Gallardo*, Adv. No. 2:19-ap-01120-ER (“Quiet Title Action”). Through the Quiet Title Action, the Trustee seeks to quiet the Estate’s title to the Property, including cancellation of the Lis Pendens and obtaining turnover of all interests in the Property. The Gallardos have filed an answer in the Quiet Title Action denying the Trustee’s allegations. Various discovery deadlines have been set and a status conference is currently scheduled for March 17, 2020. Trial is scheduled for the week of July 27, 2020.

1.9 The deadline for filing claims in the Bankruptcy Case was July 1, 2019. Government claims were due by September 29, 2019. The Court’s Claims Register indicates there have been thirteen unsecured claims filed totaling \$479,555.29, of which \$385,000.00 is the unsecured claim asserted by the Gallardos and docketed on the Claims Register as Claim No. 13 (the “Gallardo Claim”).

1.10 The Parties agree that it is in their best interest to resolve the disputed Lis Pendens, the State Court Action, the Quiet Title Action and the administration of the Property by the Trustee by way of settlement, and therefore, it is their intention and desire at this time to settle in the manner and upon the terms and conditions set forth in this Agreement.

II. AGREEMENT

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the adequacy of which is hereby acknowledged by each Party, and in consideration of the mutual promises and covenants set forth below, the Parties agree as follows:

2.1 Incorporation of Recitals. The Recitals set forth above are hereby incorporated in and made part of this Agreement.

2.2 Effective Date of Agreement. This Agreement shall become effective (“Effective Date”) and binding on the Parties fifteen (15) days after the entry of an order of the Bankruptcy Court approving this Agreement (“Approval Order”).

2.3 Dismissal of the State Court Action. On the Effective Date, the Defendants shall cause the State Court Action to be dismissed with prejudice.

2.4 Withdrawal of the Lis Pendens. Within five (5) days of the Effective Date, the Defendants shall withdraw the Lis Pendens.

2.5 Dismissal of the Quiet Title Action. The Trustee shall cause the Quiet Title Action to be dismissed with prejudice, within fifteen (15) days after the closing of escrow on the sale to the Gallardos.

2.6 The Sale of the Property to the Gallardos. The Parties agree that the Trustee will sell the Estate’s interest in the Property to the Gallardos under the following principal terms and conditions:

Buyer:	Mario Gallardo and Mary Gallardo, 22483 Mountain View Road, Moreno Valley, CA 92557
--------	--

Purchase Price:	The Gallardos shall purchase the Estate's interest in the Property free and clear of all existing liens, encumbrances, and interests for an amount necessary to pay off all existing liens, encumbrances, and interests plus \$95,000.00 (the "Settlement Amount"). As of October 31, 2019, the total purchase price is estimated to be approximately \$270,000. The Purchase Price may increase to account for changes in amounts due and owing to lienholders or by consent of the Parties.
Escrow:	The Gallardos' acquisition of the Property shall be completed through an escrow with an escrow holder of their choice, and subject to approval by the Trustee. Escrow shall be opened upon the mutual execution of this Agreement. The date of delivery of the fully-executed originals or counterparts of this Agreement to escrow holder shall be deemed the "opening of escrow" and escrow holder shall notify the Defendants and the Trustee of this date.
Escrow Closing Date:	The Escrow Closing Date for the sale of the Property shall occur by no later than ninety (90) days of the date of entry of a Bankruptcy Court order approving this Agreement. The Trustee at her sole discretion may extend the Escrow Closing Date deadline without further order of the Court and any extension requested by the Defendants will not be unreasonably withheld.
Payment of Consensual Lien:	From the Purchase Price funds, the consensual lien of Carrington Mortgage Services, LLC shall be paid in the amount as such lienholder shall place a demand into escrow.
Payment of Real Estate Taxes, Escrow Fees and Costs of the Sale:	In addition to payment of the Purchase Price, the Gallardos shall deposit such additional amounts into escrow sufficient to pay costs of sale, including: (i) all outstanding real estate taxes impacting the Property, and (ii) other costs of the sale including, including escrow fees, recording fees, settlement fees, tax certificates, title charges, notary fees, documentary transfer fees, and any other taxes imposed as a result of the transfer of the title to the Property to the Gallardos. Not including any attorney fees and costs of the Gallardos which shall be the sole responsibility of the Gallardos; any other costs pertaining to the closing not otherwise expressly allocated among the Gallardos and the Trustee under this Agreement shall be apportioned in the manner customary in Riverside County, California.
Trustee's Approval of all Disbursements Through Escrow:	Any and all disbursements through escrow on the sale of the Property are subject to the Trustee's review and written approval, especially to the extent necessary to preserve the Estate's interest in receiving the agreed-upon Settlement Amount. All escrow checks for any amount due under this Agreement should be made payable to "Carolyn A. Dye, Chapter 7 trustee for the bankruptcy estate of John F. Gallardo and Irene S. Gallardo" and sent to the Trustee at: 3435 Wilshire Blvd., Suite 990, Los Angeles, CA 90010, with a copy sent to the Trustee's counsel, Shulman Bastian LLP; Attn: Brandon J. Iskander, via email at biskander@shulmanbastian.com.

3/10/2020
3-6-2020
3/9/20
2/20/2020

<p>Inability to Close Escrow on the Sale of the Property:</p>	<p>In the event the Gallardos are unable to close within the escrow period, the Trustee shall immediately market the Property for sale. In the event the Trustee sells the Property, the Gallardos shall receive \$50,000.00 from the net sale proceeds less any administrative fees incurred by the Trustee during the escrow period. Any payment to the Gallardos is conditioned upon the continued and timely payment of monthly rents by the Gallardos to the Trustee for the Property equal in the amount to the monthly mortgage payments and the Gallardos' cooperation with the sale. As used herein, the term "net sale proceeds" means all of the cash proceeds generated from the Trustee's sale of the Property under this Agreement, minus all costs of the sale (including real estate commissions, escrow fees and other customary costs or fees), payment of claims secured by the Property, taxes (including but not limited to capital gains taxes, and real property taxes), and the administrative expenses of the Estate related to the failure of the Gallardos to close escrow including, but not limited to, reasonable fees and expenses of the Trustee and her professionals that are incurred as a result of and related to the Debtors' bankruptcy case and the sale of the Property by the Trustee, which fees are subject to review and approval by the Bankruptcy Court, following an application made pursuant to 11 U.S.C. § 327 et. seq. The Trustee shall be entitled to reasonable attorneys' fees and expenses incurred in prosecuting any action related to the failure of the Gallardos to close with the escrow period.</p>
<p>Disclosure or Warranty:</p>	<p>As the Trustee, as the seller, is a federal bankruptcy trustee, notwithstanding anything in the Agreement that contains disclosure or warranty provisions, there will be no warranties or disclosures made concerning the Property.</p>
<p>"As-Is" Sale:</p>	<p>The Gallardos are purchasing the Property from the Trustee on an "AS IS - WHERE IS" basis without representations or warranties of any kind, express or implied, being given by the Trustee, concerning the value, condition, fitness of purpose for any use thereof, the quality of the title thereto, or any other matters relating to the Property, free and clear of liens, encumbrances, claims and interests (collectively the "Liens and Encumbrances") existing as to the Property transferred. The Gallardos acknowledge that they are familiar with the Property and that any use of the Property may be complicated by disputes with other lienholders and/or any adverse parties. The Gallardos acknowledge that they have inspected the Property, and upon Bankruptcy Court approval of this Agreement, the Gallardos forever waive, for themselves, their heirs, successors and assigns, all claims against the Debtors, their attorneys, agents and employees, the Estate, Carolyn A. Dye as Trustee and individually, and her attorneys Shulman Bastian LLP (fka Shulman Hodges & Bastian LLP), the law firm for which the Trustee is associated, her agents and employees, arising or which might otherwise arise in the future concerning the Property.</p> <p>Because the sale of the Property is a bankruptcy sale, the sale shall be "as-is" and without any warranties (whatsoever), and any transfer shall be by a Quitclaim Deed substantially in the form as attached here as Exhibit A.</p>

Bankruptcy Court Approval:	The Agreement is unenforceable and of no legal effect, unless and until approved by the Bankruptcy Court.
Sale Not Subject to Overbidding:	The sale of the Property to the Gallardos during the 90-day escrow period is not subject to overbidding. If the Trustee later seeks approval to sell the Property to entities other than the Gallardos, the Trustee reserves the right to make such sale subject to overbidding.

2.7 Possession of the Property. The Gallardos are currently paying rent to the Trustee equal in amount to the monthly mortgage payment on the Property and shall continue to do so until closing of escrow or the Trustee's sale of the Property.

2.8 Additional Conditions to be Performed by the Gallardos. Until such time that the Trustee closes on the sale of the Property to the Gallardos, or in the event that the Gallardos fail to close escrow and the Trustee closes on a sale of the Property to a third party, the Gallardos agree that they shall or shall cause to maintain and preserve the Property for the benefit of the Estate and its creditors, and shall or shall cause to:

- 2.8.1 Not place or record, or allow to be placed or recorded, any liens or encumbrances on the Property.
- 2.8.2 Bring all arrearages on the Property, if any, current.
- 2.8.3 Timely pay the mortgage payment on the Property.
- 2.8.4 Maintain current general liability, fire and hazard insurance on the Property to cover total loss, naming the Trustee as loss payee, at no cost to the Trustee or the Estate.

2.9 Conditions to be Performed by the Debtors. Until such time that the Trustee closes on the sale of the Property to the Gallardos, or in the event that the Gallardos fail to close escrow and the Trustee closes on a sale of the Property to a third party, the Gallardos agree that they shall or shall cause to maintain and preserve the Property for the benefit of the Estate and its creditors, and shall or shall cause to:

- 2.9.1 Not place or record, or allow to be placed or recorded, any liens or encumbrances on the Property.
- 2.9.2 Provide the Trustee with proof of insurance naming the Trustee as the loss payee on insurance against the Property no later than ten (10) days after the execution of this Agreement.

2.10 Waiver of Claims Against the Estate. The Gallardos agree to waive any right to any distribution that the Estate may make to creditors and specifically waive their right to recover on any claims that they have or may assert against the Estate including, but not limited to, the Gallardo Claim. The Gallardos shall be deemed to have withdrawn the Gallardo Claim upon entry of a Bankruptcy Court order approving this Agreement. The Gallardos further waive the right to file a proof of claim in the Debtors' Bankruptcy Case, including a claim pursuant to Bankruptcy Code sections 502(d) and 502(h) due to any payment through escrow on the sale of the Property under this Agreement. It is further stipulated and agreed that the Gallardos have voluntarily, knowingly and intelligently waived their civil due process rights to trial, notice and hearing if they default under the provisions of this Agreement.

2.11 No Claim of Exemption in the Net Sale Proceeds. The Debtors agree that they shall

have no claim of exemption in the net sale proceeds or Settlement Amount funds paid to the Trustee under this Agreement and that the Settlement Amount shall be used to pay administrative expenses of the Estate and allowed claims against the Estate in accordance with the Bankruptcy Code.

2.12 Motion for Sale and Approval of Compromise. Upon receipt of a fully executed copy of this Agreement, the Trustee shall promptly file a motion with the Bankruptcy Court to obtain approval of this Agreement ("Sale/Compromise Motion"). This Agreement is contingent upon and expressly conditioned on the issuance of an order by the Bankruptcy Court approving this Agreement pursuant to Federal Rule of Bankruptcy Procedure 9019. Unless and until approved by the Bankruptcy Court, this Agreement set forth herein is of no force or effect whatsoever and neither this Agreement nor the Motion seeking the approval of same shall be admissible in litigation, whether now pending or hereinafter instituted. The Parties acknowledge that this Agreement is the result of extensive good faith negotiations between the Parties and their respective counsel, and is not to be construed as an admission of liability on the part of any of the Parties hereto, their agents, employees or officers, by whom liability is expressly denied. The Gallardos are bound by this Agreement subject only to Bankruptcy Court approval and waive any rights to object to approval by the Bankruptcy Court. The Parties will in good faith exercise all reasonable efforts required to obtain the entry of the Bankruptcy Court order approving this Agreement, including executing and delivering any motions, declarations or other items of support reasonably required in connection therewith.

2.13 Jurisdiction of the Bankruptcy Court. Should any dispute arise regarding this Agreement, the United States Bankruptcy Court for the Central District of California, Los Angeles Division shall have exclusive jurisdiction to determine the same. The Bankruptcy Court shall retain jurisdiction to resolve any such dispute even after the case is dismissed.

2.14 Trustee Capacity. The Trustee is signing this Agreement in her capacity solely as the Chapter 7 trustee for the Estate. Nothing contained herein shall in any way impute liability to the Trustee, personally or as a member of any professional organization she may be associated with, or anyone acting on her behalf, including but not limited to her counsel, Shulman Bastian LLP (fka Shulman Hodges & Bastian LLP).

2.15 Further Documentation of Settlement. The Parties agree that after the Bankruptcy Court approves the Sale/Compromise Motion, they will execute any and all further and additional documents and take all further and additional steps, which may be necessary or convenient to consummate the terms of this Agreement and accomplish the purposes of this Agreement.

III. RELEASES

3.1 Contingent upon the Gallardos' satisfaction of all terms and conditions of this Agreement and except as otherwise provided in this Agreement, the Trustee does hereby acknowledge full and complete satisfaction of and does hereby fully and forever release and discharge the Gallardos, as well as their heirs, successors, assigns, agents, attorneys, representatives, trustees, past and present, and each of them from any and all claims, demands and causes of action of any kind or nature whatsoever, whether known or unknown, suspected or unsuspected, whether concealed or hidden, which the Trustee now owns, holds or may hereafter have against the Gallardos relating only to the Property. This release also does not extend to any claims other than the claims related to the Property, and those claims asserted in the State Court Action and the Quiet Title Action.

3.2 Except as otherwise provided in this Agreement, the Gallardos, as well as their heirs, successors, assigns, agents, attorneys, representatives, trustees, past and present, or anyone else claiming by and through her, do hereby acknowledge full and complete satisfaction of and do hereby fully and forever release and discharge the Trustee, both in her individual capacity and in her capacity as the Chapter 7 trustee of the Estate, as well as her heirs, successors, assigns, agents,

attorneys, representatives, trustees, past and present, from any and all claims, demands and causes of action of any kind or nature whatsoever, whether known or unknown, suspected or unsuspected, whether concealed or hidden, which the Gallardos now own, hold or may hereafter have against the Trustee and the Estate, by reason of any matter relating to the Property, the State Court Action and the Quiet Title Action.

IV. REPRESENTATIONS AND WARRANTIES

4.1 The Parties, and each of them, separately represent and warrant to each other that they have not assigned or transferred, or purported to assign or transfer, to any other person or entity any claim or other matter released under this Agreement.

4.2 The Parties, and each of them, separately represent and warrant to each other that they will execute all documents necessary to carry out the purpose of this Agreement and to cooperate with each other in the expeditious filing of any and all documents and the fulfillment of the terms of this Agreement.

4.3 The Parties warrant and represent that each and every recital and representation contained herein is true and correct to the best of their knowledge.

4.4 The Parties warrant and represent that he or she has been duly authorized to execute this Agreement and to undertake the obligations contained herein.

4.5 It is understood by the Parties, and each of them, and specifically stated by the Parties hereto, and each of them, that with the exceptions and warranties expressly set forth in this Agreement, this Agreement is made without reliance upon any statement or representation of any other party or any agent, attorney, or representative of any Party and that no Party is acting as agent, attorney or representative of any other Party.

4.6 Each Party represents and warrants to each and every other Party that each Party has made such investigation of the facts pertaining to the settlement set forth herein, and of all matters pertaining thereto, as they deemed necessary and that their willingness to execute this Agreement is based upon their independent investigation, rather than any statement or representation made during the pendency of the Bankruptcy Proceeding, including settlement discussions.

V. MISCELLANEOUS

5.1 Entire Agreement. This Agreement constitutes the entire understanding and agreement between the Parties concerning the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, terms, conditions and representations, written or oral, made by any of the Parties or their agents, concerning the matters covered by this Agreement.

5.2 Modification and/or Amendment. This Agreement may be amended and modified only by a written agreement signed by all of the Parties specifically acknowledging and approving of the modification.

5.3 Successors and Assigns. This Agreement shall inure to the benefit of, and shall be binding upon the Parties, and each of them, and their respective successors, assigns, heirs, partners, agents, officers, corporations, partnerships, partners, shareholders, representatives, and each of them.

5.4 Controlling Law. This Agreement has been entered into in the State of California. This Agreement is to be governed by and construed in accordance with federal bankruptcy law, to the extent applicable, and where state law is implicated, the laws of the State of California shall

govern.

5.5 Jurisdiction. Each of the Parties consents to the exclusive jurisdiction of the Bankruptcy Court as to any litigation or dispute that arises from or relates to this Agreement or any breach thereof.

5.6 Severability. If any immaterial provision of this Agreement is held, determined or adjudicated to be invalid, unenforceable or void for any reason, each such provision shall be severed from the remaining portions of this Agreement and shall not affect the validity and enforceability of such remaining material provisions.

5.7 Effect of Headings. The titles and headings of this Agreement are for convenience and identification only, and shall not be deemed to limit, amplify, or define the contents of the respective sections or paragraphs to which they pertain.

5.8 Gender. Whenever in this document the context may so require, the masculine gender shall be deemed to include the feminine and neuter genders, and vice-versa.

5.9 Time is of the Essence. Time is of the essence with regard to performance of all acts described in or contemplated by this Agreement.

5.10 Construction. This Agreement has been negotiated at arm's length between persons (or their representatives) sophisticated and knowledgeable in the matters dealt with in this Agreement. Accordingly, any rule of law (including California Civil Code, Section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the Party that has drafted it is not applicable and is hereby waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purpose of the Parties and this Agreement.

5.11 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed with electronic, facsimile, or emailed signatures. Such signatures shall be deemed valid for all purposes as if they were signed by hand.

5.12 Costs and Attorneys' Fees. Subject to the provisions set forth in this Agreement, each Party shall bear its own costs and attorneys' fees incurred in connection with the Adversary Proceeding, and the making of this Agreement. Should a controversy, dispute, or claim arise out of this Agreement and proceed to litigation, the prevailing party shall be entitled to recover from the opposing party the prevailing party's costs and reasonable attorneys' fees incurred in connection with the controversy, dispute, or claim.

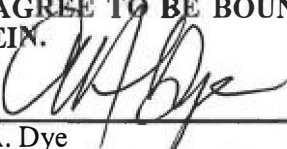
5.13 Notices. All notices under this Agreement shall be in writing and shall be effective upon receipt whether delivered by personal delivery or recognized overnight delivery service, facsimile, e-mail, or sent by United States registered or certified mail, return receipt requested, postage prepaid, addressed to the respective Parties as follows:

If to the Trustee:	Carolyn A. Dye, Trustee 3435 Wilshire Blvd., Suite 990 Los Angeles, CA 90010 Email: cdye@cadye.com
With a copy to:	Shulman Bastian LLP Attn: Brandon J. Iskander 100 Spectrum Center Drive, Suite 600 Irvine, CA 92618 Email: biskander@shulmanbastian.com

If to the Gallardos:	Mario Gallardo Mary Gallardo 22483 Mountain View Road Moreno Valley, CA 92557
With a copy to:	A2B Legal APLC Attn: Bryn C. Deb, Esq. 1855 W. Katella Avenue, Suite 245 Orange, CA 92867 Email: bryn@a2blegal.com
If to the Debtors:	Christopher J. Langley Law Offices of Langley & Chang 1800 N. Broadway, Suite 200 Santa Ana, CA 92706-2656 Email: chris@langleylegal.com

BY SIGNING THIS AGREEMENT WHERE INDICATED BELOW I CERTIFY THAT I HAVE READ THE FOREGOING AGREEMENT IN ITS ENTIRETY. I FULLY UNDERSTAND ALL THE WORDS, LANGUAGE, TERMS AND CONDITIONS CONTAINED HEREIN AND THAT I AGREE TO BE BOUND BY ALL THE TERMS AND CONDITIONS SET FORTH HEREIN.

Dated: 3/2/2020



Carolyn A. Dye
Solely in her capacity as the Chapter 7 trustee for the
bankruptcy estate of *In re John F. Gallardo and Irene S.
Gallardo*, Case No. 2:19-bk-12915-ER

Dated: _____
Mario Gallardo

Dated: _____
Mary Gallardo

Dated: _____
John F. Gallardo, Debtor

Dated: _____
Irene S. Gallardo, Debtor

///

///

///

///

///

If to the Gallardos:	Mario Gallardo Mary Gallardo 22483 Mountain View Road Moreno Valley, CA 92557
With a copy to:	A2B Legal APLC Attn: Bryn C. Deb, Esq. 1855 W. Katella Avenue, Suite 245 Orange, CA 92867 Email: bryn@a2blegal.com
If to the Debtors:	Christopher J. Langley Law Offices of Langley & Chang 1800 N. Broadway, Suite 200 Santa Ana, CA 92706-2656 Email: chris@langleylegal.com

BY SIGNING THIS AGREEMENT WHERE INDICATED BELOW I CERTIFY THAT I HAVE READ THE FOREGOING AGREEMENT IN ITS ENTIRETY. I FULLY UNDERSTAND ALL THE WORDS, LANGUAGE, TERMS AND CONDITIONS CONTAINED HEREIN AND THAT I AGREE TO BE BOUND BY ALL THE TERMS AND CONDITIONS SET FORTH HEREIN.

Dated:

Carolyn A. Dye
Solely in her capacity as the Chapter 7 trustee for the
bankruptcy estate of *In re John F. Gallardo and Irene S.
Gallardo*, Case No. 2:19-bk-12915-ER

Dated: *11-23-19*

Mario Gallardo

Mario Gallardo

Dated: *11/23/19*

Mary Gallardo

Mary Gallardo

Dated:

John F. Gallardo, Debtor

Dated:

Irene S. Gallardo, Debtor

///

///

///

///

///

If to the Gallardos:	Mario Gallardo Mary Gallardo 22483 Mountain View Road Moreno Valley, CA 92557
With a copy to:	A2B Legal APLC Attn: Bryn C. Deb, Esq. 1855 W. Katella Avenue, Suite 245 Orange, CA 92867 Email: bryn@a2blegal.com
If to the Debtors:	Christopher J. Langley Law Offices of Langley & Chang 1800 N. Broadway, Suite 200 Santa Ana, CA 92706-2656 Email: chris@langleylegal.com

BY SIGNING THIS AGREEMENT WHERE INDICATED BELOW I CERTIFY THAT I HAVE READ THE FOREGOING AGREEMENT IN ITS ENTIRETY. I FULLY UNDERSTAND ALL THE WORDS, LANGUAGE, TERMS AND CONDITIONS CONTAINED HEREIN AND THAT I AGREE TO BE BOUND BY ALL THE TERMS AND CONDITIONS SET FORTH HEREIN.

Dated:

Carolyn A. Dye
Solely in her capacity as the Chapter 7 trustee for the
bankruptcy estate of *In re John F. Gallardo and Irene S.
Gallardo*, Case No. 2:19-bk-12915-ER

Dated:

Mario Gallardo

Dated:

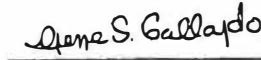
Mary Gallardo

Dated:



~~John F. Gallardo, Debtor~~

Dated:



Irene S. Gallardo, Debtor

///

///

///

///

///

APPROVED AS TO FORM:

Dated:


SHULMAN BASTIAN LLP

Lynda T. Bui
Brandon J. Iskander
Attorneys for Carolyn A. Dye, solely in her capacity
as the Chapter 7 trustee for the bankruptcy estate of
John F. Gallardo and Irene S. Gallardo, Case No.
2:19-bk-12915-ER

Dated:

11/20/19

A2B LEGAL APLC


Bryan C. DeB
Attorney for the Gallardos

Dated:

LAW OFFICES OF LANGLEY & CHANG

Christopher J. Langley
Attorney for the Debtors

APPROVED AS TO FORM:

Dated: 3/6/20

SHULMAN BASTIAN LLP



Lynda T. Bui

Brandon J. Iskander

Attorneys for Carolyn A. Dye, solely in her capacity
as the Chapter 7 trustee for the bankruptcy estate of
John F. Gallardo and Irene S. Gallardo, Case No.
2:19-bk-12915-ER

Dated:

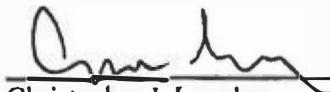
A2B LEGAL APLC

Bryn C. Deb

Attorney for the Gallardos

Dated:

LAW OFFICES OF LANGLEY & CHANG



Christopher J. Langley

Attorney for the Debtors

Exhibit A

Quitclaim Deed

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

Mario Gallardo and Mary Gallardo
22483 Mountain View Road
Moreno Valley, CA 92557

MAIL TAX STATEMENTS TO:

Mario Gallardo and Mary Gallardo
22483 Mountain View Road
Moreno Valley, CA 92557

QUITCLAIM DEED

THE UNDERSIGNED GRANTOR(S) DECLARE(S):

DOCUMENTARY TRANSFER TAX is \$ _____
☒ computed on full value of property conveyed, or
☐ computed on full value less value of liens or
encumbrances remaining at time of sale,
☐ Unincorporated area ☒ City of MORENO VALLEY, and

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

**CAROLYN A. DYE, solely in her capacity as the Chapter 7 Trustee for the bankruptcy estate of
JOHN F. GALLARDO and IRENE S. GALLARDO, Debtors (United States Bankruptcy Court,
Central District of California, Los Angeles Division, Case No. 2:19-bk-12915-ER)**

hereby remises, releases and forever quitclaims to:

MARIO GALLARDO and MARY GALLARDO, individuals

the following described real property in the City of MORENO VALLEY, County of RIVERSIDE, State of
CALIFORNIA:

SEE EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN BY THIS REFERENCE.

22483 Mountain View Road
Moreno Valley, CA 92557
APN: 260-402-007-9

DATED: _____, 2020

CAROLYN A. DYE, CHAPTER 7 TRUSTEE

EXHIBIT "A"

Legal Description of Property

Real property located in the City of MORENO VALLEY, County of RIVERSIDE, state of CALIFORNIA, more particularly described as follows:

LOT 60 OF TRACT NO. 20550-7, IN THE CITY OF MORENO VALLEY,
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP
RECORDED IN BOOK 208, PAGE(S) 28 TO 32 INCLUSIVE, OF MAPS, IN
THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN 260-402-007-9

Commonly known as: 22483 Mountain View Road, Moreno Valley, CA 92557
Assessor Parcel Number: 260-402-007-9

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, 2020, before me, _____,
a Notary Public, personally appeared **CAROLYN A. DYE**, who proved to me on the basis of
satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(SEAL)

EXHIBIT 2



10134 6th Street, Suite E
Rancho Cucamonga, CA 91730

Phone: (909) 718-4810
Fax: (909) 687-2669

Printed: March 6, 2020 10:22am

MASTER ESTIMATED SETTLEMENT STATEMENT

PROPERTY: 22483 Mountain View
Moreno Valley, CA 92557
BUYER: Mario L. Gallardo and Mary H. Gallardo
CLOSING/RECORD DATE: April 17, 2020
SELLER: Bankruptcy Estate of John F. Gallardo and Irene Gallardo
ESCROW NO.: 16-00001-XX

SELLER DEBITS	CREDITS		BUYER DEBITS	CREDITS
		FINANCIAL CONSIDERATION		
	335,000.00	Total Consideration	335,000.00	
		New 1st Trust Deed - David Lau		328,932.00
		PAYOFF CHARGES - Carrington Mortgage		
		[Total Payoff \$169,847.29]		
164,457.93		Principal Balance		
5,618.96		Interest on Principal Balance		
73.33		Interest on Principal Balance		
146.66		PMI Due		
	1,387.34	Suspense Balance		
95.00		Other unpaid expenses		
842.75		Escrow Impound Shortage		
		LOAN INFORMATION - David Lau		
		[Charges \$11,208.88]		
		Origination Charge	1,644.66	
		Appraisal Fee	500.00	
		Credit Report Advantage Credit, Inc.	13.55	
		Lender Fee	1,419.00	
		Appraisal Reinspection	150.00	
		Tax Service Fee	86.00	
		Verification Services	95.00	
		Borrower Identity Validation	10.50	
		Flood Certification	6.50	
		Aggregate Reserves	-500.00	
		Interest at \$39.4268/day from 03/16/2020 to 04/01/2020	630.83	
		Mortgage Insurance Premium	5,657.00	
		Homeowner's Insurance for 2 mos	100.00	
		City Taxes	1,395.84	
		PRORATIONS/ADJUSTMENTS		
	762.90	County Taxes at \$1,855.71/semi-annually from 04/17/2020 to 07/01/2020	762.90	
12,040.00		Gift of Equity from Seller to Buyers		12,040.00
		OTHER DEBITS/CREDITS		
		Insurance Company (Info to Follow)	600.00	
50.00		3rd party courier for 3rd party courier	50.00	
100.00		NHD Company (Estimate only) for HND Report		
150.00		Notary Public (if applicable) for Notary Fee	250.00	
42,043.45		Kenez Law Group for Attorney legal fees		
5,000.00		A2B Legal for Attorney legal fees		
375.00		Transaction Coordinator		
		TITLE/TAXES/RECORDING CHARGES - First American Title		
1,600.00		Title - Owner's Title Insurance		
		Title - Lender's Title Insurance	650.00	
50.00		Title - Messenger Fee	50.00	
62.50		Title - Sub Escrow Fee	125.00	
30.00		Title - Wire Fee	30.00	
		Title - Endorsement Fee	100.00	
50.00		Recording Grant Deed	50.00	
		Recording Trust Deed	100.00	
		Recording SB2 Fee	75.00	
20.00		Recording Service Fees	20.00	

EXHIBIT 2

Closing Date: April 17, 2020
Date: March 6, 2020

Escrow No.: 16-00001-XX
Printed: March 6, 2020 10:22am

Page 2 of 2:

SELLER		BUYER	
<u>DEBITS</u>	<u>CREDITS</u>	<u>DEBITS</u>	<u>CREDITS</u>
150.00	Misc. Recording Fees		
378.40	Transfer Tax - County to Riverside County		
1,855.71	2nd half taxes 2019-2020		
	ESCROW CHARGES - Elite Escrow Group, Inc.		
1,413.75	Title - Escrow Fee Seller/Buyer Fee	1,413.75	
	Title - Loan Tie-In Fee- (if applicable)	275.00	
300.00	Title - Doc Processing-	300.00	
100,246.80	Net Proceeds		
	Funds required		10,088.53
\$ 337,150.24	\$ 337,150.24 TOTAL	\$ 351,060.53	\$ 351,060.53

THIS IS AN ESTIMATE ONLY AND FIGURES ARE SUBJECT TO CHANGE

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 100 Spectrum Center Drive, Suite 600, Irvine, CA 92618.

A true and correct copy of the foregoing document entitled (*specify*): **NOTICE OF SALE OF ESTATE PROPERTY** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) **March 10, 2020**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

COUNSEL FOR THE CHAPTER 7 TRUSTEE: Lynda T Bui lbui@shulmanbastian.com, ecf.filings@shbllp.com

COUNSEL FOR THE BUYERS: Bryn C Deb bryn@a2blegal.com

CHAPTER 7 TRUSTEE: Carolyn A Dye (TR) trustee@cadye.com, cdye@ecf.axosfs.com;atty@cadye.com

COUNSEL FOR THE CHAPTER 7 TRUSTEE: Brandon J Iskander biskander@shulmanbastian.com, avernon@shulmanbastian.com

INTERESTED PARTY: Mark S Krause bankruptcy@zbslaw.com, mkrause@ecf.courtdrive.com

COUNSEL FOR THE DEBTORS: Christopher J Langley chris@langleylegal.com, omar@langleylegal.com;langleycr75251@notify.bestcase.com

INTERESTED PARTY: Alexandra K Martinez Akmartinez@schoolsfirstfcu.org

INTERESTED PARTY: Erin M McCartney bankruptcy@zbslaw.com, emccartney@ecf.courtdrive.com

INTERESTED PARTY: Valerie Smith claims@recoverycorp.com

INTERESTED PARTY: United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov

INTERESTED PARTY: Robert P Zahradka caecf@tblaw.com

☐ Service information continued on attached page.

2. SERVED BY UNITED STATES MAIL:

On (*date*) **March 10, 2020**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☒ Service information continued on attached page.

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served):

Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) _____, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed

☐ Service information continued on attached page.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

March 10, 2020

Date

Anne Marie Vernon

Printed Name

/s/ Anne Marie Vernon

Signature

U.S. MAIL SERVICE LIST**JUDGE'S COPY**

HONORABLE ERNEST M. ROBES
UNITED STATES BANKRUPTCY COURT
255 E. TEMPLE STREET, SUITE 1560
LOS ANGELES, CA 90012

BUYERS/COURT CREDITOR LISTING

MARIO GALLARDO
MARY GALLARDO
22483 MOUNTAIN VIEW RD.
MORENO VALLEY, CA 92557-2657

COURT CREDITOR LISTING

EMPLOYMENT DEVELOPMENT DEPT.
BANKRUPTCY GROUP MIC 92E
P.O. BOX 826880
SACRAMENTO, CA 94280-0001

COURT CREDITOR LISTING

FRANCHISE TAX BOARD
BANKRUPTCY SECTION MS: A-340
P.O. BOX 2952
SACRAMENTO, CA 95812-2952

PREFERRED ADDRESS

OFFICE OF FINANCE CITY OF LOS ANGELES
200 N SPRING ST RM 101 CITY HALL
LOS ANGELES CA 90012-3224

COURT CREDITOR LISTING

AMAZON PRIME
PO BOX 6294
CAROL STREAM, IL 60197-6294

COURT CREDITOR LISTING

CAPITAL ONE (USA) N.A. BY AMERICAN
INFOSOURCE AS AGENT
4515 N SANTA FE AVENUE
OKLAHOMA CITY, OK

CLAIMS FILED

CAPITAL ONE (USA) N.A. BY AMERICAN
INFOSOURCE AS AGENT
PO BOX 71083
CHARLOTTE, NC 28272-1083

COURT CREDITOR LISTING

CARRINGTON MORTGAGE SERVICES
ATTN: BANKRUPTCY
PO BOX 3730
ANAHEIM, CA 92803-3730

CLAIM FILED

CHASE BANK USA, N.A.
C/O ROBERTSON, ANSCHUTZ &
SCHNEID, P.L.
6409 CONGRESS AVENUE, SUITE 100
BOCA RATON, FL 33487

COURT CREDITOR LISTING

CHASE CARD SERVICES
ATTN: BANKRUPTCY
PO BOX 15298
WILMINGTON, DE 19850-5298

CLAIM FILED

CITIBANK, N.A./CITI AADVANTAGE WORLD
MASTERCARD
CITIBANK, N.A.
701 EAST 60TH STREET NORTH
SIOUX FALLS, SD 57117

COURT CREDITOR LISTING

CITICARDS CBNA
CITI BANK
PO BOX 6077
SIOUX FALLS, SD 57117-6077

COURT CREDITOR LISTING

COMENITY BANK/ANN TAYLOR
ATTN: BANKRUPTCY
PO BOX 182125
COLUMBUS, OH 43218-2125

COURT CREDITOR LISTING

COMENITY BANK/ANN TAYLOR
PO BOX 182273
COLUMBUS, OH 43218-2273

COURT CREDITOR LISTING

CREDIT UNION OF SOUTHERN
CALIFORNIA
ATTN: BANKRUPTCY
PO BOX 200
WHITTIER, CA 90608-0200

COURT CREDITOR LISTING

F&A FEDERAL CREDIT UN
2625 CORPORATE PL
MONTEREY PARK, CA 91754-7645

CLAIM FILED

F&A FEDERAL CREDIT UNION
PO BOX 30831
LOS ANGELES, CA 90030

COURT CREDITOR LISTING

KNEZ LAW GROUP, LLP
6780 INDIANA AVE. STE 150
RIVERSIDE, CA 92506-4253

CLAIM FILED

LAW OFFICE OF CLAUDE ROSTAMIAN, ESQ.
87 N. RAYMOND AVE. SUITE 200
PASADENA, CA 91103

COURT CREDITOR LISTING

LOANCARE LLC
ATTN: CONSUMER SOLUTIONS DEPT
PO BOX 8068
VIRGINIA BEACH, VA 23450-8068

COURT CREDITOR LISTING

NORDSTROM SIGNATURE VISA
ATTN: BANKRUPTCY
PO BOX 6555
ENGLEWOOD, CO 80155-6555

CLAIMS FILED

QUANTUM3 GROUP LLC, AGENT FOR
COMENITY BANK
PO BOX 7888
KIRKLAND, WA 98083-0788

COURT CREDITOR LISTING

PAYPAL
2211 NORTH FIRST ST.
SAN JOSE, CA 95131-2021

COURT CREDITOR LISTING

SCHOOLSFIRST
ATTN: BANKRUPTCY
2115 N. BROADWAY
SANTA ANA, CA 92706-2613

CLAIMS FILED

SCHOOLSFIRST
ATTN: BANKRUPTCY DEPARTMENT
PO BOX 11547
SANTA ANA, CA 92711-1547

COURT CREDITOR LISTING

SYNCHRONY BANK/SAMS
ATTN: BANKRUPTCY
PO BOX 965060
ORLANDO, FL 32896-5060

CLAIM FILED

SYNCHRONY BANK/SAMS CLUB
C/O PRA RECIEVABLES MANAGEMENT, LLC
PO BOX 41021
NORFOLK, VA 23541

CLAIM FILED

SYNCHRONY BANK/PAYPAL
C/O PRA RECIEVABLES MANAGEMENT, LLC
PO BOX 41021
NORFOLK, VA 23541

RETURNED MAIL

DUPLICATE
IRENE S GALLARDO
5731 RIMBANK AVE.
PICO RIVERA, CA 90660-3129

RETURNED 4/15/19; UNCLAIMED:
UNABLE TO FORWARD
COURT CREDITOR LISTING
CLAUD ROSTAMIAN
529 S. BROADWAY #4052
LOS ANGELES, CA 90013-2365

COURT CREDITOR LISTING
CAPITAL ONE
ATTN: BANKRUPTCY
PO BOX 30285
SALT LAKE CITY, UT 84130-0285